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Investors INTERNATIONAL MUTUAL FUND LTD.

Annual Report

1966

Investors INTERNATIONAL MUTUAL FUND LTD.

Board of Directors

T. O. PETERSON,
President and Chairman of the Board,
Winnipeg, Manitoba.
Chairman of the Board, President and Chief Executive Officer: The Investors Group; Investors Syndicate Limited; *President and Chairman of the Board*: Investors Growth Fund of Canada Ltd.; Investors Mutual of Canada Ltd.; Investors Trust Company; *Director*: Canadian Imperial Bank of Commerce; Western Gypsum Products Ltd.; Beaver Lumber Company Limited; Abitibi Paper Company Ltd.; Anglo American Corporation of Canada Ltd.

C. E. ATCHISON,
Winnipeg, Manitoba.
Executive Vice-President and General Manager: The Investors Group; Investors Syndicate Limited; *Vice-President and Director*: Investors Mutual of Canada Ltd.; Investors Growth Fund of Canada Ltd.; Investors Trust Company.

PETER D. CURRY,
Winnipeg, Manitoba.
President: Peter D. Curry & Co. Ltd.; *Chairman*: Greater Winnipeg Gas Company; *Vice-President and Director*: Investors Trust Company; *Director*: The Investors Group; Investors Syndicate Limited; Investors Mutual of Canada Ltd.; Investors Growth Fund of Canada Ltd.; The Canadian Indemnity Company; CAE Industries Ltd.; Canadian Imperial Bank of Commerce.

PAUL G. DESMARAIS,
Montreal, Quebec.
President and Director: Provincial Transport Company; Provincial Transport Ltd.; Transportation Management Corp.; Gelco Enterprises Ltd.; *Vice-President and Director*: The Imperial Life Assurance Company of Canada; *Director*: The Investors Group; Investors Syndicate Limited; Investors Mutual of Canada Ltd.; Investors Growth Fund of Canada Ltd.; Ciments Lafarge Quebec Limited; Consolidated Paper Corporation Ltd.; Hilton of Canada Limited; Montreal Trust Company.

JOHN G. GLASSCO,
Toronto, Ontario.
President and Director: Brazilian Light & Power Co. Ltd.; *Vice-President and Director*: Canadian Imperial Bank of Commerce; *Director*: The Investors Group; Investors Syndicate Limited; Canadian Corporate Management Co. Ltd.; Manufacturers Life Insurance Company; National Trust Co. Ltd.; Southam Press Ltd.; Texaco Canada, Ltd.; McIntyre Porcupine Mines Limited.

R. W. PURCELL,
New York, N.Y.
Chairman of the Board: International Basic Economy Corp.; *Director*: The Investors Group; Investors Syndicate Limited; Investors Mutual of Canada Ltd.; Chemway Corp.; International Minerals & Chemical Corp.; The Bendix Corporation; Seaboard World Airlines, Inc.

JAMES A. RICHARDSON,
Winnipeg, Manitoba.
Chairman and Chief Executive Officer: James Richardson & Sons, Limited; *Director*: The Investors Group; Investors Syndicate Limited; Investors Mutual of Canada Ltd.; Investors Growth Fund of Canada Ltd.; Hudson's Bay Company; Canadian Imperial Bank of Commerce; The International Nickel Company of Canada Limited; Hudson's Bay Oil & Gas Company Limited; Canadian Pacific Railway.

The Rt. Hon. LOUIS S. ST. LAURENT, Q.C., P.C.,
Quebec, Quebec.
Chairman of the Board: Rothmans of Pall Mall Canada Ltd.; Miron Co. Ltd.; *Director*: Investors Growth Fund of Canada Ltd.; Investors Mutual of Canada Ltd.; The Investors Group; Investors Syndicate Limited; Famous Players Canadian Corp. Ltd.; Industrial Acceptance Corporation Ltd.

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Annual Report

for the Year Ended September 30, 1966

Investors INTERNATIONAL MUTUAL FUND LTD.

HEAD OFFICE: 280 BROADWAY, WINNIPEG, MAN.

EXECUTIVE OFFICERS

T. O. PETERSON	President and Chairman of the Board
C. E. ATCHISON	Vice-President
J. N. W. BUDD	Vice-President
E. G. O. HOWARD	Secretary
R. H. JONES	Treasurer

INVESTMENT MANAGER

THE INVESTORS GROUP

DISTRIBUTOR

INVESTORS SYNDICATE LIMITED

Investment Objectives

The principal objective of Investors International Mutual Fund is to produce capital appreciation over the long term.

Investors International Mutual Fund seeks to achieve this objective by making available in one security, an investment which is diversified — geographically and by industry — with emphasis on common stocks which possess better-than-average growth prospects.

Comparative Highlights

Fiscal year ended September 30	1966	1965
Total Net Assets	$16,431,422	$15,431,652
Number of shareholders	5,732	5,496
Asset value per share	$5.15	$5.53
Dividend payable	$239,249	$195,223
Dividend per share	$ .07½	$ .07

Report to the Shareholders

T. O. PETERSON
Chairman of the Board

The Board of Directors is pleased to present this report on the operations and progress of your Company for the fiscal year ended September 30, 1966.

Details of the Company's financial and investment operations during the year and prospects for the future will be found further on in this report. At this time, however, I would like to report the Company experienced satisfactory growth during the period under review.

Some of the outstanding features of the past fiscal year are:

- Total net assets increased by nearly $1,000,000 — to $16,431,422
- The number of shareholder accounts increased to 5,732.
- The dividend was increased 7.14 per cent, to 7½c per share.

This growth pattern is all the more encouraging in that it occurred during a period when the major stock markets throughout the world were experiencing a weakening trend.

FINANCIAL REVIEW

Assets

There was a solid gain of 6.08 per cent in the net assets of the Investors International Mutual Fund during the year. By the end of the year they totalled $16,431,422 compared with $15,431,652 at the end of the previous fiscal year.

Part of this growth was due to new accounts but another effective means of building the net assets of the Fund has been the desire of shareholders to add to their previous investments with new deposits. They have thus been able to take advantage of "dollar averaging" opportunities that presented themselves during the year.

Investment Experience

For the first time in four years your Company's asset value per share experienced a decline, from $5.53 per share on September 30, 1965 to $5.15 per share on September 30, 1966, after payment of the dividend of 7½c per share.

Although the general weakening of security prices on the stock markets can be held responsible for the asset value decline, it is notable that it was restricted. Market indices such as the Toronto Stock Exchange Index and the Dow Jones Average in New York had much greater declines than that experienced by your Fund. And it should be noted that the asset value per share is still above the level of the 1964 yearend of $5.11 per share.

Dividends paid by your Company are automatically reinvested in additional shares, thus effectively increasing the rate of return of the shareholder.

Portfolio Management

Your Company's principal objective is capital growth rather than dividend income. Accordingly, the portfolio of securities was managed during the year to reflect that objective.

Because of recent economic difficulties in many of the industrial nations abroad, there was a much greater emphasis during the past year in acquiring United States securities of good growth potential.

There was an increase of more than $2,500,000 in U.S. common stock holdings during the year. There was more stress laid on technological areas which promised solid gains. A complete list of the securities held at September 30, 1966 will be found on Page 15.

The concentration on U.S. securities was at the expense of previous holdings in a number of overseas securities. This shift in investment emphasis could be only of a temporary nature. When sound investing opportunities abroad again

make themselves apparent, your Company will consider extending its overseas holdings.

The portfolio break-down, in percentage terms, and the net changes compared to one year earlier are as follows:

	September 30 1966	September 30 1965	Change
U.S.A.	85.3%	70.6%	+14.7%
Canada	1.9	7.0	— 5.1
Japan	1.7	3.2	— 1.5
Germany	1.5	4.1	— 2.6
Sweden	1.4	1.4	—
Netherlands	0.8	3.2	— 2.4
Australia	—	2.8	— 2.8
Belgium	—	0.8	— 0.8
Total Investments	92.6%	93.1%	— 0.5%
Cash & Commercial Paper	7.4	6.9	+ 0.5
Total Portfolio	100.0%	100.0%	—%

During the year your management considered it prudent to build up a modest cash reserve. This enabled your Company to take advantage of market setbacks and purchase stocks which had been excessively deflated. At the end of the fiscal year the Fund's cash reserves were at 7.4 per cent of total assets, thereby providing the resources to profit from further advantageous opportunities.

In the year under review there was some reduction in emphasis in the general industrial area and the chemicals and textiles field. As part of the policy to concentrate on growth-oriented securities, there were heavy purchases of stocks in the transportation field — especially airline securities — which now account for 11.9% of the portfolio compared with 5.8% the previous year. Oil and gas holdings account for 10.6%; durables manufacturing, 9.7%; drugs and cosmetics, 9.5%; office equipment, 8.3%; and electrical and electronics, 8.2%.

In the past year your portfolio was expanded into two new fields — aerospace, with 3.6% of market holdings, and photography, 3%. International Business Machines, the world's leading computer business, remains the Fund's largest individual holding, at 5.2% of assets. Other major holdings are: Xerox Corporation (3%), General Motors (2.7%), National Airlines (2.6%), Northwest Airlines (2.3%), and Sperry Rand Corporation (2.2%).

Investment Services

Through your Company's association with The Investors Group, shareholders of Investors International Mutual Fund enjoy a number of special services and concessions.

Assets under administration of The Investors Group now exceed $1.2 billion and your Company at all times is able to benefit from the experience and judgment of the Group's investment management organization.

Shareholders also have the unique privilege of transferring their share holdings — without charge — into the shares of Investors Mutual Fund or Investors Growth Fund of Canada, or into the guaranteed Single Payment and Annuity Certificates of Investors Syndicate Limited.

Full details concerning these additional services may be obtained from the Company head office or its representatives.

Economic Outlook

Economic problems have been a feature of many of the industrial nations of the world during the past year, many of them due to balance of payments and inflation pressures. The United States and Canada also have experienced some difficulties, but these are not of any long-term or serious nature.

In the overseas sphere, the United Kingdom this year has conducted a vigorous attack on its internal problems. This has included a wage-price freeze, consumer credit restrictions and higher taxes. Already this has achieved a marked improvement in Britain's competitive position in world trade. There is still a need, however, for real gains in productivity. Your management feels that until Britain can correct more of its outstanding problems, it would not be advisable to become involved in equities there.

There are political and economic problems apparent in West Germany, particularly a squeeze on profits from fast-rising wage levels. In the other European Common Market countries, France and Italy have displayed steady gains in industrial production while costs have been held to reasonable levels.

In the other areas where your management closely watches stock market opportunities, Australia has encountered some strain due to inflationary trends, heavier defense expenditures to fulfill commitments in Vietnam and declines in profit margins. In Sweden also there is some degree of inflation, mainly due to higher wage demands in both the public and private sectors.

Japan, after a somewhat severe setback to its expansion rate last year, this year has achieved a notable improvement to its economy by correcting some of its imbalances.

Overall, opportunities abroad are somewhat restricted at this stage. Many countries that enjoyed buoyant postwar development during the Fifties and early Sixties have now encountered some pressure due to a squeeze on profits traceable to rising labor costs. Wage increases in many cases were at a higher rate than productivity gains.

The situation in Canada during the year was of continued growth in almost all sectors. Productivity has been rising but one danger on the economic horizon is the fact that wage settlements this year have been at very high levels. This could have adverse effects on profit margins and also may force Canadian exports into a disadvantageous price position in world markets.

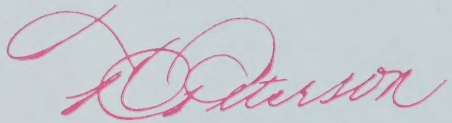
Sensible restraint in this area would be strongly advisable, if Canada is to continue to enjoy the sustained growth pattern of the past few years. Providing sound monetary measures and voluntary restraints can be matched by greater government economies at all levels, Canada will be able to enjoy buoyant conditions for the forseeable future.

The United States has maintained an outstanding forward momentum. This has been highlighted by solid productivity gains and high levels of capital investment and consumer income and expenditure.

There has been some pressure on corporate profits but factors working for a long-term growth outlook include rising productivity and a population explosion in the 20-24 age group which will create an intensified demand for more goods and services. Anti-inflationary measures have shown definite signs of bearing results and although defence expenditures may continue to increase because of the Vietnam conflict, economic prospects in the United States are exceedingly bright.

The prices of many common stocks in the U.S. now appear undervalued. Your management has been taking advantage of these solid opportunities.

In the areas your management has concentrated on there are many fundamental strengths that will provide sound long-term investing values. Your Company's investment policy should be reflected in further improved performance of your shares.



Chairman of the Board

Investors INTERNATIONAL MUTUAL FUND LTD. *(Incorporated under the Canada Corporations Act)*

Balance Sheet

ASSETS

	As at September 30 1966	1965
Investments in securities — at market value:		
Foreign corporation bonds	$ 444,912	$ 497,777
Foreign preferred stocks	397,853	287,754
United States common stocks	13,436,311	10,905,386
Other foreign common stocks	621,778	1,600,388
Canadian common stocks	314,060	1,073,101
	15,214,914	14,364,406
Current assets:		
Cash on deposit and in transit	307,634	569,328
Demand notes — at market value	999,688	837,657
Accrued interest and dividends receivable	44,019	43,150
Due from brokers	269,684	38,269
	1,621,025	1,488,404
	$ 16,835,939	$ 15,852,810

The cost of the investments in securities as at September 30, 1966 was $14,722,932
(1965 $12,122,846)

Approved on behalf of the Board

Director

Director

LIABILITIES

	1966	1965
Current liabilities:		
Payable to brokers	$ 117,000	$ 153,903
Dividend payable	239,249	195,223
Accounts payable and accrued expenses	17,327	17,655
Income taxes payable	30,941	54,377
	404,517	421,158
Shareholders' equity:		
Common shares — authorized and issued 1,000 shares of $1 par value	1,000	1,000
Special shares of $1 par value:		

	Shares—1966	Shares—1965		
Authorized	20,000,000.000	20,000,000.000		
Redeemed	2,560,697.697	2,238,385.075		
	17,439,302.303	17,761,614.925		
Outstanding	3,188,989.309	2,787,887.162	3,188,989	2,787,887
Premiums received on shares issued less premiums paid on shares redeemed			11,489,832	9,623,155
Earned surplus			1,259,344	780,128
Unrealized appreciation of investments			492,257	2,239,482
			16,431,422	15,431,652
			$ 16,835,939	$ 15,852,810

AUDITORS' REPORT TO THE SHAREHOLDERS

(Under the provisions of the Canada Corporations Act)

We have examined the balance sheet of Investors International Mutual Fund Ltd. as at September 30, 1966 and the statements of net income from investments, unrealized appreciation of investments, premium on shares and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of net income from investments, unrealized appreciation of investments, premium on shares and earned surplus present fairly the financial position of the company as at September 30, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte, Plender, Haskins & Sells
Peat, Marwick, Mitchell & Co.
Chartered Accountants

Winnipeg, Manitoba,
October 19, 1966.

Investors INTERNATIONAL MUTUAL FUND LTD.

Statement of Net Income from Investments

	Year Ended September 30 1966	1965
Income:		
Dividends	$ 334,714	$ 407,118
Interest	90,335	81,809
Proceeds of sale of stock subscription rights	1,416	28,216
	426,465	517,143
Expenses:		
Management fees	84,825	80,041
Custodian fees	2,888	4,403
Directors' fees	1,600	1,100
Audit fees	1,800	2,000
Printing, postage and stationery	3,011	2,457
Miscellaneous	39	90
	94,163	90,091
Income before provision for income taxes	332,302	427,052
Provision for income taxes	139,880	181,417
Net income from investments (excluding profits and losses realized on sale of investments)	$ 192,422	$ 245,635

Statement of Earned Surplus

Balance available for distribution at beginning of year	$ 780,128	$ 60,314
Transfer from (to) premium on shares to equalize the equity per share in the amount available for dividends in respect of special shares sold and redeemed during the year	32,209	(35,832)
Profit realized on sale of investments	493,834	705,234
Net income from investments	192,422	245,635
Total available for distribution	1,498,593	975,351
Dividend declared	239,249	195,223
Balance available for distribution at end of year	$ 1,259,344	$ 780,128

Statement of Premium on Shares

	Year Ended September 30	
	1966	1965
Balance at beginning of year	$ 9,623,155	$ 13,252,578
ADD:		
Proceeds of sale of 723,414.769 (1965 - 149,515.179) special shares of capital stock less $1 per share credited to capital stock	3,587,764	693,983
	13,210,919	13,946,561
DEDUCT:		
Redemption value of 322,312.622 (1965- 1,014,876.931) special shares redeemed less $1 per share charged to capital stock	1,548,606	4,327,136
Commission paid on sale of shares	140,272	32,102
Transfer to (from) earned surplus to equalize the equity per share in the amount available for dividends in respect of special shares sold and redeemed during the year	32,209	(35,832)
	1,721,087	4,323,406
Balance at end of year	$ 11,489,832	$ 9,623,155

Statement of Unrealized Appreciation of Investments

Balance at beginning of year	$ 2,239,482	$ 1,719,563
Unrealized appreciation (depreciation) for the year	$ (1,747,225)	$ 519,919
Balance at end of year	$ 492,257	$ 2,239,482

Benefits and Services to Shareholders of Investors International Fund

Shareholders of Investors International Mutual Fund have the benefit of many valuable and helpful services provided by The Investors Group. It has been the continuing policy of the Company to place emphasis on the development of such services to meet the needs and convenience of the clients whom it serves. Among the services and privileges extended to you as a shareholder are the following:

FREE RE-INVESTMENT OF DIVIDENDS

Dividends from investment income are automatically re-invested, without a sales charge, to purchase additional shares which are credited to your account. This compounding action provides an additional growth factor.

REDUCED SALES CHARGE

The purchase amounts of all of your investments in mutual funds managed by The Investors Group are added together to reduce the sales charges on further purchases. Family purchases (by spouse and children under 21) are included with your own in determining total purchases.

FREE TRANSFER OF INVESTMENTS

If your investment objective changes, you may transfer, without charge, your entire account or part of it to shares of one of the other mutual funds managed by The Investors Group. If you wish to hold, either temporarily or permanently, an investment having guaranteed cash values you may transfer into a guaranteed Single Payment Certificate of Investors Syndicate Limited.

FRACTIONAL SHARES

Shares are issued in full and fractional amounts so that any sum of money may be fully invested, thus avoiding any unapplied balance.

PROMPT REDEMPTION

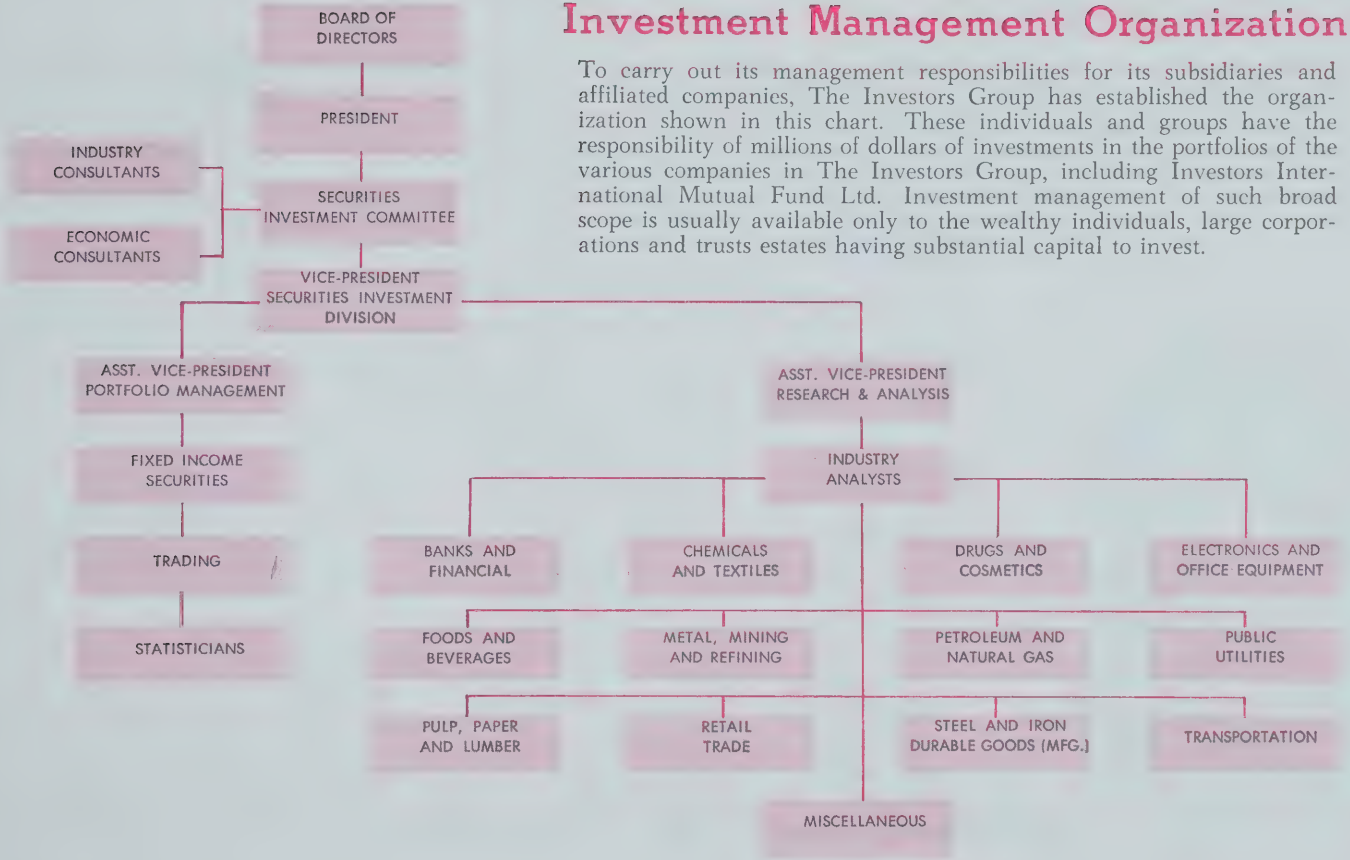
Investors International Mutual Fund agrees to redeem any or all of your shares at the net asset value per share as of the close of business on the day following receipt of your request.

TAX ADVANTAGES

Under existing legislation, shareholders residing in Canada who receive dividends from Investors International Mutual Fund Ltd. are entitled to an income tax credit of 20% of the amount of dividends received in accordance with Section 38 of the Income Tax Act. Such credits are deducted from the tax payable.

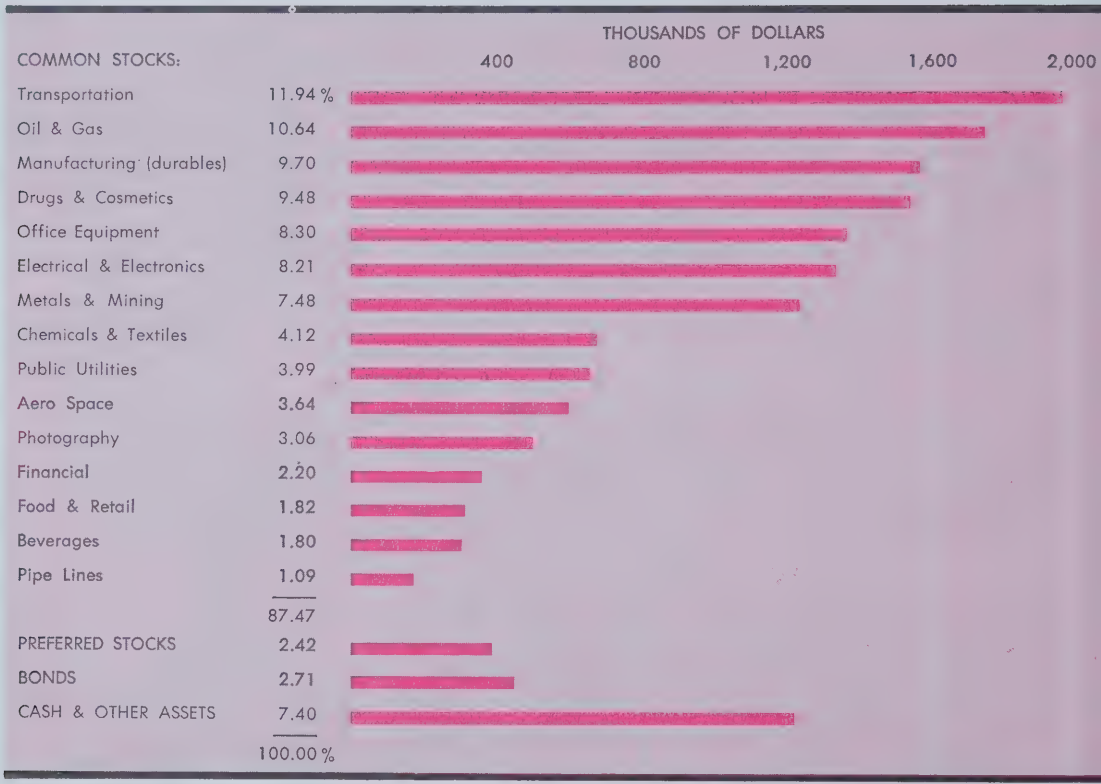
Investment Management Organization

To carry out its management responsibilities for its subsidiaries and affiliated companies, The Investors Group has established the organization shown in this chart. These individuals and groups have the responsibility of millions of dollars of investments in the portfolios of the various companies in The Investors Group, including Investors International Mutual Fund Ltd. Investment management of such broad scope is usually available only to the wealthy individuals, large corporations and trusts estates having substantial capital to invest.



Diversification of Assets

SEPTEMBER 30, 1966

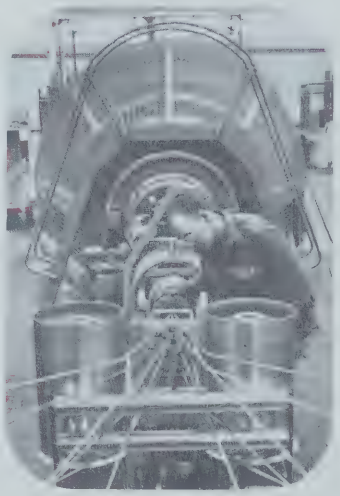


COMMON STOCKS:	
Transportation	11.94 %
Oil & Gas	10.64
Manufacturing (durables)	9.70
Drugs & Cosmetics	9.48
Office Equipment	8.30
Electrical & Electronics	8.21
Metals & Mining	7.48
Chemicals & Textiles	4.12
Public Utilities	3.99
Aero Space	3.64
Photography	3.06
Financial	2.20
Food & Retail	1.82
Beverages	1.80
Pipe Lines	1.09
	87.47
PREFERRED STOCKS	2.42
BONDS	2.71
CASH & OTHER ASSETS	7.40
	100.00 %

Investment in Securities—September 30,1966

Common Stocks (87.47%)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
AERO SPACE (3.64%)			
Boeing Company (U.S.A.)	5,950	$ 326,875	$ 19.90
largest producer of commercial jet aircraft			
Grumman Aircraft Engineering Corporation (U.S.A.)	6,000	271,452	16.52
diversified military, space and commercial aircraft activities			
		598,327	36.42
BEVERAGES (1.80%)			
Anheuser-Busch, Incorporated (U.S.A.)	3,120	154,599	9.41
largest American brewer			
Heublein, Inc. (U.S.A.)	4,200	141,380	8.61
largest American vodka producer			
		295,979	18.02
CHEMICAL & TEXTILE (4.12%)			
Burlington Industries, Inc. (U.S.A.)	8,400	277,108	16.87
broadly-based textile manufacturer			
Celanese Corporation (U.S.A.)	5,231	256,382	15.60
fibre-oriented chemical concern			
Rexall Drug & Chemical Company (U.S.A.)	6,062	143,657	8.74
integrated plastics company, "Tupperware"			
		677,147	41.21
DRUGS & COSMETICS (9.48%)			
Bristol-Myers Company (U.S.A.)	3,000	290,841	17.70
prominent producer of proprietary and ethical drugs			
Max Factor & Co. Class "A" (U.S.A.)	3,976	154,185	9.39
leading cosmetics manufacturer			
Lilly (Eli) & Co. "B" (U.S.A.)	1,500	126,233	7.68
important ethical drug company			
Merck & Co., Inc. (U.S.A.)	1,700	131,162	7.98
important ethical drug company			



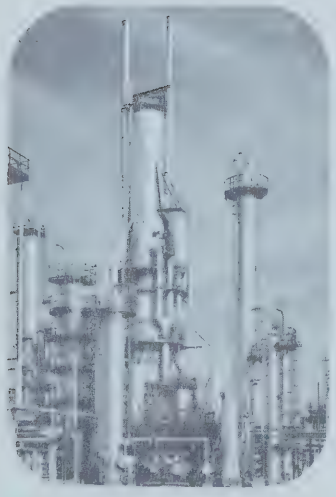
Common Stocks (continued)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
Revlon, Inc. (U.S.A.) *leading cosmetics manufacturer*	6,500	$ 261,690	$ 15.93
Syntex Corporation (U.S.A.) *ethical drug company*	3,300	258,162	15.71
Tampax Incorporated (U.S.A.) *manufacturer of hygiene supplies*	2,000	211,128	12.85
Upjohn Company (U.S.A.) *important ethical drug company*	1,700	124,523	7.58
		1,557,924	94.82
ELECTRICAL & ELECTRONICS (8.21%)			
Emerson Electric Co. (U.S.A.) *motors and drives, electrical built-in products, electronics and controls*	3,000	160,365	9.76
Litton Industries, Inc. (U.S.A.) *highly-diversified operation in electronics, office equipment and related fields*	4,605	316,869	19.29
Sperry Rand Corporation (U.S.A.) *business machines, "Univac", air & naval electronic instruments, hydraulics, farm equipment*	12,500	370,288	22.54
Telefonaktiebolaget L.M. Ericsson (Sweden) *international telecommunications equipment manufacturer*	5,000	230,250	14.01
Westinghouse Electric Corporation (U.S.A.) *electrical equipment and appliances*	5,500	270,309	16.45
		1,348,081	82.05
FINANCIAL (2.20%)			
Investors Diversified Services Inc. (U.S.A.) Class "A" voting *largest investment management company of its kind in the world*	12,000	361,932	22.03
FOOD & RETAIL (1.82%)			
S. S. Kresge Company (U.S.A.) *variety and discount store chain*	6,800	299,404	18.22

Common Stocks (continued)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
MANUFACTURING (DURABLES) (9.70%)			
A.C.F. Industries Incorporated (U.S.A.)	7,000	$ 304,437	$ 18.53
freight car leasing and production			
Chrysler Corporation (U.S.A.)	8,354	316,082	19.24
third largest auto producer			
Clark Equipment Company (U.S.A.)	4,600	102,198	6.22
materials-handling equipment and other capital goods items			
General Cable Corporation (U.S.A.)	7,900	231,889	14.11
leading independent wire and cable supplier to telephone and electronic utilities			
General Motors Corporation (U.S.A.)	5,500	443,597	27.00
largest auto producer			
Whirlpool Corporation (U.S.A.)	4,600	195,725	11.91
manufacturer of major appliances			
		1,593,928	97.01
METALS & MINING (7.48%)			
Denison Mines Limited (Canada)	2,750	155,375	9.49
leading uranium producer			
Falconbridge Nickel Mines, Limited (Canada)	1,800	148,950	9.01
major Canadian nickel firm with important investment interests			
Freeport Sulphur Company (U.S.A.)	7,600	288,580	17.57
leading brimstone producer			
International Minerals & Chemicals Corp. (U.S.A.)	5,000	300,265	18.28
integrated fertilizer company with important Saskatchewan properties			
Leitch Gold Mines Ltd. (Canada)	1,650	9,735	.59
possible interest in Texas Gulf Sulphur's Timmins area property			
Texas Gulf Sulphur Company Incorporated (U.S.A.)	3,700	326,322	19.86
American sulphur concern with base metal properties in Ontario			
		1,229,227	74.80

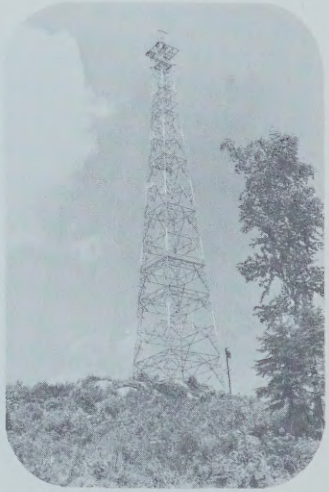
Common Stocks (continued)



	No. of Shares	Market Value	Portfolio Distribution Per $1,000
OFFICE EQUIPMENT (8.30%)			
International Business Machines Corporation (U.S.A.)	2,499	$ 854,675	$ 52.02
world's largest concern in electronic data processing and related equipment			
Xerox Corporation (U.S.A.)	2,700	508,607	30.95
major factor in office copying field			
		1,363,282	82.97
OIL & GAS (10.64%)			
Atlantic Richfield (U.S.A.)	900	76,588	4.66
refiner serving eastern and Pacific coast markets			
Continental Oil Company (U.S.A.)	4,000	267,144	16.26
integrated oil company with important fertilizer and petrochemical interests			
Royal Dutch Petroleum Company (Netherlands)	3,700	138,998	8.46
Dutch-based international oil company			
Shell Oil Company (U.S.A.)	5,000	332,580	20.24
leading American domestic oil company			
Standard Oil Company (Indiana) (U.S.A.)	4,500	239,337	14.56
American domestic integrated company with important overseas interests			
Standard Oil Company (New Jersey) (U.S.A.)	4,117	281,055	17.11
world's largest oil company			
Texaco Inc. (U.S.A.)	3,140	223,659	13.61
major world-wide integrated oil concern			
Union Oil Company of California (U.S.A.)	3,366	188,089	11.45
medium-sized domestic integrated oil company			
		1,747,450	106.35
PHOTOGRAPHY (3.06%)			
Berkey Photo Inc. (U.S.A.)	9,000	235,098	14.31
film processor with diversified photographic interests			
Polaroid Corporation (U.S.A.)	1,800	267,574	16.28
unique photographic products			
		502,672	30.59

Common Stocks (continued)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
PIPE LINES (1.09%)			
Panhandle Eastern Pipeline Company (U.S.A.) *natural gas pipelines and production*	5,480	$ 178,566	$ 10.87
PUBLIC UTILITIES (3.99%)			
Continental Telephone Corporation (U.S.A.) *independent communications company*	10,000	235,630	14.34
General Telephone & Electronics Corporation (U.S.A.) *communications products and services, electronics, "Sylvania"*	9,400	420,208	25.57
		655,838	39.91
TRANSPORTATION (11.94%)			
Continental Airlines, Inc. (U.S.A.) *south-western airline*	3,000	205,218	12.49
Delta Airlines, Inc. (U.S.A.) *southern airline*	2,000	200,356	12.19
Deutsche Lufthansa A.G. (Germany) *German and international airline*	502	252,530	15.37
National Airlines Incorporated (U.S.A.) *east coast and southern transcontinental airline*	6,000	433,032	26.36
Northwest Airlines Incorporated (U.S.A.) *domestic and trans-Pacific airline*	3,900	390,694	23.78
The New York Central Railroad Company (U.S.A.) *major eastern railroad*	4,000	256,372	15.60
Western Air Lines, Incorporated (U.S.A.) *west coast airline*	5,000	224,190	13.64
		1,962,392	119.43
TOTAL COMMON STOCKS		14,372,149	874.70



Preferred Stocks (2.42%)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
Atlantic Richfield $3.00 cum. (U.S.A.) Conv. Preference $1.00 P.V. *refiner serving eastern and Pacific coast markets*	3,200	$ 247,322	$ 15.05
Litton Industries, Inc. $2.50 P.V. (U.S.A.) *highly-diversified operations in electronics, office equipment and related fields*	827	59,240	3.60
Union Oil Company of California (U.S.A.) $2.50 Cum. Conv. Pref. N.P.V. *medium-sized domestic integrated oil company*	1,200	91,291	5.56
TOTAL PREFERRED STOCKS		397,853	24.21

Bonds (2.71%)

	Face Amount		
Clark Equipment Overseas Finance Corporation (U.S.A.) 4½% Conv. Guar. Deb. Due: 3-1-81 *materials-handling equipment and other capital goods items*	175,000	152,457	9.28
Nippon Express Co. Ltd. (Japan) 6½% Conv. Debs. Due: 9-30-78 *railway express, motor freight, warehousing, tourist, insurance and other services*	300,000	292,455	17.80
TOTAL BONDS		444,912	27.08
TOTAL INVESTMENTS		15,214,914	
CASH AND OTHER ASSETS (Net)		1,216,508	74.01
TOTAL NET ASSETS		$16,431,422	$1,000.00

The market values of United States and other foreign investments were converted at the selling exchange rate as at September 30, 1966.

THE

Investors

GROUP

Shares of Investors International Mutual Fund are distributed by Investors Syndicate Limited. The investment manager is The Investors Group which currently has in excess of $1,200,000,000 under its administration.

Subsidiaries and affiliates of The Investors Group include:

INVESTORS SYNDICATE LIMITED

Face amount savings certificates — which provide for the guaranteed accumulation of a specific sum of money over a stated period and may be purchased either by a series of payments over a period of years or a single, lump-sum investment.

INVESTORS TRUST COMPANY

A complete trust service, including personal and corporate trusteeships, estate planning, estate and agency administration, guaranteed investment certificates, and a complete pension service, including consultation, trusteeship, administration and investment management.

INVESTORS MUTUAL OF CANADA LTD.

A balanced mutual fund whose objectives stress income, protection of invested capital and long-term capital appreciation.

INVESTORS GROWTH FUND OF CANADA LTD.

A mutual fund emphasizing equity securities and whose principal objective is the long-term growth of invested capital.

INVESTORS INTERNATIONAL MUTUAL FUND LTD.

A mutual fund designed to give the investing public the opportunity to share in the long-term growth potential of the foreign investment scene.

The Four Cornerstones for Sound Personal Money Management

The Investors Group believes that a well-balanced investment program consists of:

1 **A BANK CHEQUING OR SAVINGS ACCOUNT**

These are spending dollars rather than long-term savings accounts. The money deposited is generally for current living needs, or for short-term emergencies or opportunities.

2 **ADEQUATE LIFE INSURANCE**

For family or business protection in the event of premature death.

3 **GUARANTEED DOLLARS**

Provided by Investors Syndicate guaranteed investment certificates to assure the success-minded of a specific amount of money in a stated number of years for definite worthwhile purposes.

4 **GROWTH DOLLARS**

Money soundly invested in a selected and diversified list of common stocks through any of Investors' three mutual funds. Because their growth reflects the development of the country's economy, the mutual funds provide an excellent hedge against inflation.